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5 March 1957

### THE SITUATION IN INDONESIA

1. On March 2 the Commander of Territory VII in Eastern Indonesia proclaimed martial law, designated military governors for the four provinces within his command (Celebes, Moluccas, Lesser Sundas and West New Guinea), and presented an ultimatum to the Djakarta government. In addition to greater regional autonomy and the retention of seventy percent of the revenues of the provinces, which would be used for economic development within his territory, he made additional demands with respect to governmental changes proposed earlier by President Sukarno. On March 5 he demanded that Prime Minister Ali resign and stated that Communists would not be tolerated in the government.

2. These events in Eastern Indonesia are the latest in a series of bloodless insurgencies which have seen army commanders, apparently supported by civilian elements, take over the North, Central and South Sumatra provinces in defiance of the Djakarta government.

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They have all demanded a greater degree of autonomy, but have given no indication of an intent to quit the Republic. Some have declared a loyalty to President Sukarno but have made it clear that they oppose the present cabinet. Earlier, in the period from August to November 1956, coups planned by Army elements in West Java apparently were thwarted by the government.

3. Developments in Eastern Indonesia and Sumatra are all symptomatic of increasing unrest in the Indonesian Army and of growing regionalism in areas outside Java. Poor living conditions for the troops, outmoded equipment, and a cumbersome organization have drawn the criticism of some army leaders. Repeated appeals to the government for funds to carry out improvements in the Army have met with little effective response, while the incidence of corruption in high places has destroyed the faith of many Army leaders that conditions would improve.

4. At the same time Army commanders in the areas outside Java are influenced by growing pressure from the population for increased local control of government and finances. This pressure has resulted from the failure of the central government to bring about

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improvements in communications, school facilities and living standards-- all of which had been among the objectives of the revolution against the Dutch. The feeling that the government administration is dominated by the Javanese, and that the outlying provinces are not receiving economic benefits commensurate with their contributions to the government's revenues have added to regional sentiment. In acting as they did, Army leaders have not only served their own interests but appear to have expressed the views of a substantial part of the Indonesian people.

5. Partly in answer to growing disaffection and perhaps influenced by impressions gathered during a visit to the Soviet Union and Communist China during the fall of 1956, President Sukarno made public on February 21 his "concept" of a new organizational form for Indonesian democracy. He would establish a national council representative of all parties in the parliament but augmented by delegates of functional sectors of society, including veterans, laborers, and the armed forces. The council would give "advice," apparently mandatory, to Parliament and to the cabinet, which again would be representative of all elements in Parliament. In outlining his plan,

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Sukarno, obviously harking back to the nationalist unity which prevailed during the independence struggle, held that opposition was the key to the failure of parliamentary democracy in Indonesia and that elimination of an opposition by inclusion of all elements in the government would ensure its success.

6. Because the Indonesian Communist Party would have official status in the government for the first time since Indonesia became independent in 1949, Sukarno's plan has had a mixed reception. It has also been pointed out that the proposals offer little hope of dealing with the problems of growing regional feeling. Only two of the major parties support Sukarno's proposal, the Nationalist Party, albeit reluctantly, and the Communists. Impressed by the reluctance of the other parties to support him, Sukarno has announced that he would study counterproposals, thus holding out the hope of eventual adjustment or compromise.

Possible Developments

7. The immediate course of events is unclear. In view of the Indonesian faculty for compromise and the fact that only one of

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the political parties, the Masjumi, has flatly opposed Sukarno's plan, perhaps the most likely short-term outcome is some accommodation of conflicting positions. Sukarno's proposed council might be given a purely advisory function, the role of the Communists might be limited to this council, and some means of temporarily accommodating regional interests may be found.

8. However, a compromise solution is not likely to satisfy for long the pressures for a greater degree of regional autonomy, the complaints of the army, or Sukarno's impatience with parliamentary processes and party politics. These circumstances, taken in conjunction with Sukarno's willingness to accept Communist support, will continue to offer excellent opportunities for the Communists to improve their position and have the potential of leading to major civil disturbances, an attempted coup d'etat, or political fragmentation of the Indonesian Republic.